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INFO RUEHZL/EUROPEAN POLITICAL COLLECTIVE PRIORITY  
RUEAIIA/CIA WASHDC PRIORITY  
RHEHNSC/NSC WASHDC PRIORITY  
RUEATRS/DEPT OF TREASURY WASH DC PRIORITY  
RUCPDOG/DEPT OF COMMERCE WASHDC PRIORITY  
RUEHBS/USEU BRUSSELS PRIORITY 0558

C O N F I D E N T I A L THE HAGUE 001906

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STATE FOR EUR/WE, EEB/IFD/OMA  
TREASURY FOR MARK SOBEL  
USEU FOR BMATTHEWS

E.O. 12958: DECL: 10/16/2017  
TAGS: [EFIN](#) [PGOV](#) [PINR](#) [EUN](#) [NL](#)  
SUBJECT: NETHERLANDS/IMF: DEPUTY PM/FINANCE MINISTER ON IMF  
QUOTA REFORM

REF: A. THE HAGUE 1898

[1](#)B. THE HAGUE 642

Classified By: AMBASSADOR ROLAND ARNALL,  
REASONS 1.4 (B) AND (D).

[1](#)1. (C) SUMMARY. Dutch Deputy Prime Minister/Finance Minister Bos recently told Ambassador Arnall that the Dutch remain concerned about U.S.-led efforts to reform the governance structure of the IMF and a consequential loss of some of the Netherlands' voting power. The Dutch can be expected to raise this issue in discussions on the margins of the October 20-21 IMF/World Bank meeting. Bos was positive about new World Bank President Zoellick's emphasis on "building consensus" and the "added value of middle-income countries" within the organization but questioned Zoellick's focus on the Arab world as one of his priorities for the Bank. END SUMMARY.

[1](#)2. (C) During an October 15 meeting with Ambassador Arnall, Deputy Prime Minister/Finance Minister Wouter Bos shared his goals for his upcoming U.S. visit, including possible meetings on Dutch efforts in Afghanistan (reported ref A) and his attendance at the October 20-21 IMF/World Bank annual meeting. Bos said the Dutch remained concerned about U.S.-led efforts to reform the governance structure of the IMF by increasing the quota/voice (voting power) of fast-growing emerging market countries. He said the GONL agreed that the IMF needed to reflect changes in the world economy and acknowledged that some emerging markets were underrepresented. He voiced support for the EU proposal to compress the quota shares of the largest countries in the IMF. Although not optimistic that the issue would be resolved during the upcoming meetings, Bos said it would be a priority issue for the Dutch during discussions and negotiations on the margins of the IMF/World Bank meeting.

[1](#)3. (SBU) When asked by the Ambassador for his views on new World Bank President Robert Zoellick, Bos said he appreciated Zoellick's emphasis on "building consensus" among members and the "added value of middle-income countries" within the organization. However, he questioned the feasibility of Zoellick's decision to focus on one part of the world (i.e., Arab countries) as one of his priorities for the Bank.

COMMENT: HOLDING ON TO ITS QUOTA

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¶4. (SBU) Under the USG proposed formula for IMF quota reform, the Netherlands will possibly lose some of its voting power, as their current quota is significantly larger than their share in the world economy. (The Netherlands' quota share is 2.4 percent; its share in the world economy is only about 1.4 percent.) The Netherlands is not represented in either the G-7 or the G-20, the two multilateral fora that play a primary role in shaping the direction of reform at both the IMF and the World Bank. However, the Dutch do hold a seat on the IMF's 24-member Executive Board where they exercise considerable power despite the relatively small size of their economy.

¶5. (C) In a March meeting with the Ambassador (reported ref B), Bos had indicated that the GONL was prepared to give up part of its quota, provided that a new quota formula was rule-based and reflected the IMF's mission and objectives, including incentives to pursue sound economic and financial policies that foster global economic integration. However, he said sufficient weight would need to be given to a country's GDP within any new formula as well as the transparency and openness of a country's economy.

¶6. (C) The Dutch clearly will not be happy with any IMF quota formula that means a loss of Dutch voting power. Bos made a special point of raising the issue with Ambassador Arnall and can be expected to be true to his word of making this a Dutch issue during the October IMF/World Bank discussions.  
Arnall